

1 One we eventually satisfied; that was the fact that --
2 the corporate records didn't indicate appropriately that
3 certain of these shares should be issued to Dr.
4 Aurandt's corporation and his pension plan.

5 The reason for the concern over that, to
6 the extent they would go to the pension plan, they would
7 be insulated from the garnishment of Massey, et al. To
8 some extent, they might have been insulated with respect
9 to the stock held by the corporation because it was a
10 professional corporation and only a professional could
11 own the stock, so that was another one.

12 The third issue was stock that was issued
13 to Dr. Aurandt alone rather than to Dr. Aurandt and his
14 wife 'cause if it was tenancy by the entirety then the
15 Massey group -- we could have gone, Go away Massey
16 group.

17 The fourth or fifth dealt with Dr.
18 Aurandt's founder's shares which had been an issue and
19 probably one of the major reasons, other than expenses,
20 that the two men clashed. Dr. Aurandt had received
21 founder's stock at \$3 a share; whereas, everybody else
22 paid \$10.75 a share.

23 When Mike did his thing of trying to get
24 everybody together, he got everybody together except Dr.
25 Aurandt -- although he had Dr. Aurandt but Dr. Aurandt

1 wasn't happy with what he'd consented to because Dr.
2 Aurandt wanted his founder's stock to count at 10.75 a
3 share, 'cause then the interest would have accrued at
4 10.75 a share, which means when they took the interest
5 over the long period of time he would have gotten a lot
6 more shares. And never the twain ever met on that
7 issue.

8 Parker took the Aurandt shares at \$3 a
9 share and then ran the interest out on that to figure
10 out what he was entitled to when he, you know, worked
11 out, quote, the solution for all the competing
12 interests. So that's -- and this was trying to resolve
13 that issue. And, believe me, that was probably the
14 major issue. It even transcended the expenses because
15 that was going deep into Aurandt's pocket.

16 And Parker -- there are a lot of things
17 about Mike, but in this instance he was trying to
18 accommodate Rick without ending up being subject to a
19 censure by the Federal District Court. Because no
20 matter how much bravado anybody has, you don't want the
21 Federal Marshall or a Federal Judge saying, Hey, you
22 violated a Federal Order. So that's what this was
23 dealing with.

24 Q. Most helpful.

25 A. Most confusing if you weren't there, and

17 1 even if you were there it's still confusing.

10 2 Q. True. Page 4, toward the top, an IRS
3 letter. Are we talking about the payroll taxes?

4 A. Yes. This is -- this is the Parker
5 rejoinder, I believe, through Marvin Mercer to the
6 Aurandt attack through Judith Parker. Marvin Mercer
7 called the IRS when he represented the President of the
8 corporation -- you know, whatever Aurandt's title was --
9 Director -- to come levy on the Director, and I just
10 thought that was outrageous.

11 Q. In terrorem.

12 A. As you can see, some of the colloquy
13 between Marvin and myself deals with some interesting
14 dialogue. By the way, he never did sue me.

15 MR. BECHTEL: Page 4, toward the bottom,
16 Mike Parker read from the agenda, paren, Please see
17 attached. We request a copy of that.

18 Page 6 just before the listing of -- before
19 the roll call, Mike Parker conducted roll call, paren,
20 please see attached for listing. In the event of any
21 discrepancies, we request a copy of that attachment.

22 BY MR. BECHTEL:

23 Q. Page 7, the fifth paragraph down from the
24 top, did you think that the shares were issued wrongly,
25 working off the wrong list, and, if so, can you amplify

1 on that?

2 A. Yes. There were transfers that had not
3 been memorialized like, as I indicated earlier, the Dr.
4 and Mrs. Rotenberg shares. They have three children.
5 And they had transferred those shares to themselves as
6 guardians under the Uniform Transfers to Minors Act, or
7 at that time it may have been Uniform Gifts to Minors
8 Act. It was PUGMA, Pennsylvania Uniform Gift to Minors
9 Act; then it was amended to be Pennsylvania Uniform
10 Transfers to Minors Act, because now you could put real
11 estate into these. It was broadened with the change.

12 That's what I was referring to with this.
13 They could never get the pension plans right on the list
14 and that's because, you know, whoever was keeping the
15 list -- that's what I was referring to. I was also
16 referring -- alluding to the fact that I wanted to get
17 Aurandt's shares probably in a protected environment
18 from the garnishment to the extent that it was
19 appropriate.

20 Q. Page 7, last line.

21 A. Yes.

22 Q. I gather from that there was a potential
23 IRS involvement of STV Reading; correct?

24 A. I was just trying to intimidate Mike --
25 that's what that was -- 'cause if there was liability I

1 was going to say. Since you're President, guy, you're
2 responsible for those taxes. I don't think they had
3 employees at that time.

4 Q. Counter in terrorem.

5 A. Yes, but a gentlemanly one. Go ahead.

6 MR. BECHTEL: Top of the next page, third
7 paragraph, Mr. Schlegel asked to see the proxies; please
8 see attached. We request copies of that.

9 THE WITNESS: Where are you? Okay. I see.

10 MR. BECHTEL: I wasn't asking you any
11 question. I was directing that to your --

12 THE WITNESS: My eminent counsel for the
13 company.

14 MR. BECHTEL: Eminent counsel. Exactly.

15 BY MR. BECHTEL:

16 Q. Page 10, there is a roll call on the new
17 members of the Board, and right toward the bottom of the
18 page you were not there. By that time had you left the
19 meeting?

20 A. I gather I did, but I know -- I shouldn't
21 say. I believe we did, but I don't think we left the
22 premises.

23 Q. Well, if you go to the next page there is a
24 reference to commencement of a Board of Directors'
25 meeting at 7 o'clock. Was a Board of Directors' meeting

1 held at 7 o'clock?

2 A. Probably, but I think that would be -- that
3 probably was the Aurandt Board of Directors' meeting
4 that this is having reference to because Mr. Schlegel
5 would be the one making that reference since he
6 represented the Aurandt group. Here (indicating).

7 MR. HUTTON: (Indicating.)

8 THE WITNESS: That's the guy. That's the
9 attorney in the front row.

10 MR. HUTTON: It looks like you were there.

11 THE WITNESS: I may have come back. See,
12 we were in and out. And then I think I got kicked out
13 at the later meeting of the other Board.

14 BY MR. BECHTEL:

15 Q. We're coming to that.

16 A. I voluntarily left after awhile because I
17 wasn't going to let them intimidate me. I had some
18 advantage that they didn't have, but go ahead.

19 Q. Do you recall or would the company's
20 records show whether there were Minutes of the Board of
21 Directors' meeting held on this date by the Aurandt
22 Board?

23 A. The company would not have them. Attorney
24 Schlegel may have them if they were, in fact, taken, but
25 I don't recall.

1 Q. Do you recall what went on at the meeting?

2 A. Probably we were talking about the vote is
3 going to go through, we better begin some legal action.
4 I think that was probably the gist of it because we knew
5 that Mike had obtained enough proxies with or without
6 the contested -- the ones that we would have contested
7 to carry the day because he outmaneuvered Rick as far as
8 saying who was better for the company, and that's really
9 what this was about, who was better for the company.
10 And each man thought they were. Taking apart the
11 emotion -- because there was a lot of emotion in this
12 stuff. I mean, Mrs. Aurandt, whew, she was angry.

13 MR. BECHTEL: I found another one. Page
14 14, two-thirds of the way down the page, Mike Parker
15 stated --

16 THE WITNESS: Okay.

17 MR. BECHTEL: -- Mike Parker stated that
18 there is also a digest of the Minutes of the Board of
19 Directors' meetings available, paren, please see
20 attached. We request a copy of that.

21 THE WITNESS: That may be both good and
22 bad, relevant and non-relevant.

23 BY MR. BECHTEL:

24 Q. You said Dr. Aurandt and the four gentlemen
25 that he played golf with down in South Carolina were

1 Stockholders of STV Reading?

2 A. Well, Dr. Aurandt was the stockholder of
3 STV of Reading. He had given other people, like, notes
4 to become Stockholders in STV of Reading, and it may
5 have been this group as part of their litigation. But,
6 to my knowledge -- and I may be wrong here -- but, to my
7 knowledge, Massey, et al., got their stock through the
8 garnishment because I don't remember any of those notes,
9 which were convertible to STV stock, have ever been
10 finalized. It may have been by their terms that they
11 should have gotten it but that -- I'd have to really go
12 back and check that.

13 Q. Other than those four and Dr. Aurandt, did
14 anyone else have actual stock ownership or rights to
15 stock ownership of the type you just described, to your
16 knowledge?

17 MR. HUTTON: In STV of Reading, Inc.?

18 BY MR. BECHTEL:

19 Q. In STV of Reading, Inc.

20 A. I don't know the answer. I know when Dr.
21 Aurandt formed STV of Reading, Inc. -- because I did
22 it, the legal work -- that he had offered people the
23 opportunity to invest in STV of Reading, Inc. And what
24 I can't remember is whether Harvey Massey or any of
25 those people did invest or anybody else invested through

1 some sort of note.

2 Because it's -- something sticks in my mind
3 that there was a note or something that would have given
4 them the right, but I don't want to say anything more
5 than that because I don't remember. To my knowledge, at
6 that time, no. But there I'm not over-tremendously
7 confident that I'm a hundred percent right; 99 but not a
8 hundred.

9 MR. BECHTEL: Page 18, the top of the page,
10 Marvin Mercer began his report, please see attached. We
11 request a copy of the attachment.

12 THE WITNESS: That's his memo regarding
13 stock.

14 BY MR. BECHTEL:

15 Q. Top of Page 19, the IRS filed a garnishment
16 against the bank for STV Reading. Do you know what that
17 was for?

18 A. No. No, I don't -- I vaguely remember
19 something, but I don't know what they would have
20 garnished. I don't know the answer to your question. A
21 garnishment against Meridian Bank for STV of Reading,
22 Inc. -- I'm talking to myself right now.

23 Q. Page 20. We're at the top. Mr. Schlegel,
24 according to Mr. Mercer, called him asking for the stock
25 book. At this point in time do you know where the stock

1 book was located?

2 A. (Witness reviewed document.)

3 You mean back at this date?

4 Q. Yes.

5 A. I probably had some original stock books in
6 my office. When I say original stock books, Reading
7 Broadcasting was incorporated in 1976. There were
8 changes in the corporate structure before it went on the
9 air in 1980. I had those stock books, which would have
10 represented the initial stock holdings.

11 I believe we ran out of shares because, if
12 you recall, the share holdings were -- there were
13 amendments to the articles, and those would have had to
14 have been -- new books would have been ordered to
15 reflect the increase in the authorized capital from
16 360 -- from the 50 to the 360 to, I guess at some point,
17 420,000 shares.

18 Those are the books, I think, because in
19 order to implement the Parker plan, you know, from '89
20 to '91 that everybody agreed to there would have been
21 new stock books. My office may have ordered those
22 books, but we didn't do the -- I think I probably gave
23 them to Mike to do, and I think that's what Ray was
24 looking for, Ray being Mr. Schlegel.

25 MR. BECHTEL: Staying with that section of

1 Page 20, Marvin Mercer read a memo from Dr. Aurandt to
2 Marvin Mercer, paren, please see attached, and then it
3 goes on to discuss what may have been in the memo. We
4 request a copy of that memorandum.

5 BY MR. BECHTEL:

6 Q. Without the benefit of that memorandum, can
7 you enlighten us on what Mr. Mercer was talking about
8 when he said that all shares were issued to Meridian
9 Bank?

10 A. Well, he doesn't mean that. What he means
11 is that all shares were issued to the Stockholders, and
12 through the pledge, under our agreement with Meridian
13 Bank, they were all delivered to Meridian Bank. That
14 was their security agreement with us from the very
15 inception. I shouldn't say that. It wasn't recorded --
16 he may not have said that, but it wasn't recorded
17 accurately.

18 Q. Do you know who wrote those Minutes?

19 A. Since I was there and not there, no, I
20 don't. I was in and out.

21 Q. True.

22 A. Do you want an educated guess?

23 Q. Sure.

24 A. Either Barbara or George.

25 Q. Well, I guessed it wasn't anyone from Mr.

1 Aurandt's group.

2 A. That's correct. But George tried to do
3 things accurately, and I think Barbara did as well. So
4 I'm not saying they don't accurately reflect what they
5 heard. It may not have been what was said, but they
6 didn't -- please don't forget, you have lay people
7 listening to a lot of legal stuff and, boy, they --
8 sometimes they slaughtered it.

9 MR. BECHTEL: Staying on the same Page 20,
10 we have another one. Marvin Mercer began discussion of
11 Class G creditors; He spoke of Dr. Aurandt being removed
12 as President and read a 1990 letter --

13 THE WITNESS: To the Masseys.

14 MR. BECHTEL: -- to the Masseys --
15 thanks -- paren, please see attached, releasing claims
16 against Dr. Aurandt. We request a copy of that.
17 BY MR. BECHTEL:

18 Q. Without the benefit of that document before
19 you, sir, can you help explain what happened there?

20 A. Well, I'm guessing -- well, a little more
21 than a guess, an educated guess -- that Dr. Aurandt's
22 letter to the Masseys was, say, don't garnish my stock,
23 don't take the judgment, give up your claims against me
24 and I will do something to make you whole when the
25 station sells for whatever, because that happened

1 frequently.

2 Q. I see, commencing on Page 21 and then going
3 on at some length, you were curious about a garnishment
4 of RBI against Dr. Aurandt. This is not the IRS
5 garnishment. I thought it was, for the moment.

6 A. Yes, it is.

7 Q. It is?

8 A. Pat Dunne is a local revenue agent.

9 Q. I'm sorry?

10 A. Pat Dunne is a local revenue agent.

11 Q. Can you tell me what that IRS garnishment
12 was all about?

13 A. It was for pre-Parker FICA and withholding
14 taxes that the company didn't pay and that Marvin
15 Mercer -- what you are using, in terrorem -- brought the
16 IRS down upon Rick's head.

17 Q. The whistle blower?

18 A. That's right. As you see, Marvin makes a
19 truest statement; he had to stop the manipulating. And
20 I was appalled.

21 Q. Page 24, there is a reference to The Movie
22 Store. Out of curiosity, what was The Movie Store
23 having to do with STV of Reading?

24 A. Where are you reading from?

25 Q. Page 24, a third of the way down.

1 A. I don't know. I don't know. I know the
2 name, and I know it's related to STV of Reading, but I
3 have no idea at this juncture what the impact of that
4 comment is or what it means.

5 Q. Page 26, bottom of the page. Now, this
6 comes sometime after the adjournment perhaps of some
7 people to go at 7 o'clock to a Board of Directors'
8 meeting. Was a Board of Directors' meeting held on the
9 evening of this date?

10 A. I'd have to know if this was the meeting
11 that elected McCracken and Judge Rose as Board members.
12 If it was, then there was a meeting afterward, but I --
13 can you tell me?

14 Q. I think there was such a meeting, but I
15 don't have the Minutes.

16 A. But what I'm asking is, this -- did they
17 elect Directors at this meeting? That's what I need to
18 see, new Directors.

19 Q. I stand corrected. I do not have a note
20 that there was a meeting after this one to elect Mr.
21 McCracken. That melancholy event occurs later.

22 A. Well, there's a reference to Mr.
23 McCracken's name on the top of one of the pages that I
24 was shuffling through to get to where you were. Here it
25 is (indicating).

1 Q. It's the top of Page 26.

2 A. Yes. That's -- the Board of Directors were
3 elected earlier because you had asked about that. Hold
4 on a second. You had asked about that roll call. That
5 will tell us.

6 Q. That's true.

7 A. That will tell us.

8 Q. You're looking at Pages 9 and 10?

9 A. I'm not looking at any pages. I'm trying
10 to find it.

11 Q. I'm sorry.

12 A. Yeah. That's it, the nominees. Here it
13 is. 11. And that's -- for some reason Ben Bowers lost.
14 He's Rick's stepbrother or half-brother. He was the
15 only loser out of those five. Yes, there was a meeting
16 after this meeting. That's the meeting I think I, after
17 awhile, decided I ought to leave because they were going
18 to call the City Police and I said, Go ahead; I'm the
19 City Solicitor and I'll call them for you. They didn't
20 take me up on that, but then they said, please, and I
21 said, okay.

22 Q. I will come to that meeting in a moment.
23 You also say that there was a Shareholders' meeting
24 scheduled for November 12th, 1991. I don't have such a
25 document in my notes.

1 Do you know, was that Shareholders' meeting
2 held?

3 A. I don't know but that may have been the
4 Aurandt version of the Shareholders' meeting, and I
5 don't know if it was held or not. I'd have to check.

6 Q. Well, if so then we'll need to check your
7 sources, not Reading Broadcasting Company's records.

8 A. Yeah. I don't think -- I really don't
9 know. I don't know. I'll check to the extent I can,
10 but I may have to check with Attorney Schlegel 'cause I
11 don't remember that.

12 Q. Well, we'd appreciate if you found
13 something in the nature of Minutes of that meeting. We
14 would include that on our list of requested documents.

15 A. Their number is -- his number is
16 610-372-5588.

17 MR. BECHTEL: Page 30 --

18 THE WITNESS: Yes.

19 MR. BECHTEL: -- there is a reference --
20 I'm addressing this to Mr. Hutton and to Reading
21 Broadcasting, Inc. -- there is reference here to an
22 opinion letter from Communication's counsel or a verbal
23 opinion from Communication's counsel. We would like to
24 know the subject matter of that, and then if that
25 suggests it has relevance we would like to have a copy

1 of it.

2 MR. HUTTON: I assume it's privileged.

3 MR. BECHTEL: I'm sorry?

4 MR. HUTTON: I assume it's privileged, but
5 I'll look for it.

6 MR. BECHTEL: If so, it was stated with a
7 heck of a lot of people present at the meeting.

8 MR. HUTTON: That doesn't eliminate the
9 privilege.

10 MR. BECHTEL: On Page 31, Mr. Hutton, there
11 is the following statement: Mike Parker began a
12 discussion of the fourth item of the ballot involving
13 garnishment by the IRS, paren, please see attached. We
14 request a copy of that document.

15 (Short recess was taken.)

16 BY MR. BECHTEL:

17 Q. Our information is that there was a Board
18 meeting on October 30, 1991 where Mr. Linton was
19 terminated as counsel. Mr. Mercer became corporate
20 counsel. A lady became an attorney, but I don't have
21 the name, as local counsel. I don't have the name. I'm
22 looking at Carolyn Hyman-Brooks, but --

23 A. No, she wouldn't have been local counsel.
24 No. She just got paid for serving as Judge of Election.
25 I think that's what you're referring to.

1

1 Q. This may be Harry's notes.

2 A. She got \$325, if I remember.

3 Q. The thing Harry remembers is that --

4 A. I got fired, was what Harry remembers.

5 Yes.

6 Q. All right. You remember that. Mr. Mercer
7 was elected Secretary and Mr. Parker was elected
8 President and Chief Executive Officer and Treasurer. He
9 had all the other positions. Also, that the Board
10 authorized payment of Mr. Parker's legal fees for the
11 lawsuit that it anticipated would be filed. So those
12 Minutes are floating around someplace. We request a
13 copy.

14 Q. Exhibit 21, Minutes of December 30, 1991
15 Board meeting. Were you present at this meeting?

16 A. I don't believe so, but let me not jump to
17 that conclusion -- oh, that meeting?

18 MR. HUTTON: Yes.

19 THE WITNESS: No, I was not.

20 BY MR. BECHTEL:

21 Q. Do you have any knowledge of the closing
22 negotiation documents with the Meridian Bank that are
23 itemized in these Minutes?

24 A. I've since seen them, but I didn't see them
25 at the time.

2

1 Q. There are three that interest me. One,
2 Item No. 11, is the Collateral Pledge Agreement, the
3 Limited Recourse Guaranty, and the Stock Power. Do you
4 know what Stock Power is referred to?

5 A. Every one of us had to do this, all the
6 shareholders. This was to pledge our stock to the bank
7 as security, just updating what we had basically done
8 before.

9 Q. That's enough. Paragraph 13, Partel
10 Collateral Pledge Agreement. Do you have any knowledge
11 what that is, the next page?

12 A. I believe Partel guaranteed something to
13 Meridian, and that's what this -- they were pledging. I
14 believe they were pledging Partel's stock, as well, but
15 that I'm a little more fuzzy on.

16 Q. And the opinion letter from Mr. Wadlow, do
17 you know the subject matter of that opinion?

18 A. Where is that?

19 Q. Item No. 15, right below where you were
20 looking on Page 3 up at the top.

21 A. Clark Wadlow, W-A-D-L-O-W, is an attorney,
22 I believe. No, I don't know, unless it had something to
23 do with the ability to pledge the license as security
24 for the loan. That may be what it was, but I don't
25 know. I don't believe I've ever seen that opinion so I

1 really shouldn't say.

2 Q. Exhibit 22 is the Stenographic Report of
3 the Meeting of Stockholders held February 4, 1992,
4 prepared by our distinguished Court Reporter who graces
5 our room today.

6 A. If that's a question, I agree.

7 (Witness reviewed document.)

8 Q. I'll direct your attention to Page 3.

9 A. Yes.

10 Q. Starting at Line 5, there is a reference to
11 a statement made by Mr. Parker that under the management
12 contract of Partel, Inc., I have the veto power over any
13 expenditures made by the corporation.

14 Are you aware of any such provision in the
15 management contract, as it may have been amended by this
16 point in time?

17 A. I believe it's in the original contract
18 that he -- the Board would decide what to expend, but he
19 could say don't, and I'd have to look at the agreement,
20 Gene, to see where that appeared.

21 If you want some of the background, he was
22 concerned because he had a profit -- if the company made
23 a profit his company got part of those profits, So he
24 was very concerned that the Board not authorize expenses
25 that he might have felt improper so as to minimize the

1 profit; however, since none of it ever occurred it's
2 probably moot, at least in that context, but that's what
3 it was there for.

4 Q. I don't have the agreement in the room, but
5 the agreement that had been furnished to us by Reading
6 Broadcasting doesn't contain a provision in which
7 Partel, Inc. has a veto power over expenditures.

8 A. I don't --

9 Q. I will stand corrected if I'm wrong.

10 A. I don't agree with you, but obviously
11 without having it in front of me either I'm not going
12 to -- well, I am going to say, but I'm not going to say
13 a hundred percent. I think that's what it does say.

14 (Discussion was held off the record.)

15 THE WITNESS: It's here. It's 3. At least
16 it says, under 3, Duties and Authorities of the Company,
17 3: Enter into trade agreements without approval of the
18 Board of Directors of Reading, provided, however,
19 Reading shall not write checks or incur liabilities
20 without Parker's prior approval. Okay.

21 BY MR. BECHTEL:

22 Q. I stand corrected.

23 A. No. You're sitting and I accept that.
24 Again, for the reason I stated, Gene. I think that's as
25 you read that context of that paragraph.

2

1 Q. I understand. After the Shareholders'
2 meeting of February 4, 1992 what transpired in the
3 lawsuit that had been filed seeking an injunction, a
4 temporary restraining order?

5 A. Well, the temporary restraining order was
6 not granted; that's why the meeting was held on February
7 4th. There were meetings with the Bankruptcy Judge,
8 Judge Twardowski. Then over a protracted period of time
9 there were negotiations to settle the dispute by and
10 among the contending parties and the two Boards. And
11 they were probably consummated sometime in the fall of
12 1992 because I was in San Francisco at a conference
13 dealing with insurance and taxes, and it must have been
14 shortly after the San Francisco earthquake during the
15 World Series because I jogged and saw all that damage.

3

16 I was on the phone quite a bit with all the
17 various parties, and I think we basically resolved
18 everything during that period of time. But there were
19 the negotiations going on during the -- well, probably
20 beginning right after that Board meeting and then
21 commencing -- or continuing, rather, through the late
22 winter, the spring, the summer, and the fall of 1992
23 because all parties felt it was in the Corporation's
24 best interest to get the matter resolved.

25 Further, Dr. Aurandt had retired from his

1 medical practice, I believe, in the summer of 1992 and
2 was moving to Hilton Head, where he had purchased a
3 home, and was going to then go back to working at a
4 Naval Hospital as an obstetrician/gynecologist somewhere
5 in North Florida. Jacksonville sticks in my mind, but
6 I'm not sure.

7 And he sort of said, Just, you know -- he
8 was still looking for more shares. I think that was his
9 basic concern. He was also looking for some resolution
10 to the 61 or \$62,000 lien that the Internal Revenue
11 Service was attempting to collect from him for those
12 prior taxes.

13 Probably the major person trying to work on
14 this was Irv Cohen. Irv was on the original Board --
15 when I say working on, he was the catalyst because
16 everybody respects Irv. He's a personal friend of mine.
17 He serves on the SOT Board with me, the SWOB Board, and
18 he's the Treasurer. And he's just a gentleman, through
19 and through.

20 In fact, sometimes he gets so fed up with
21 both -- he got fed up with Mike and Rick and their
22 battling over what he perceived to be sometimes petty
23 things. I think it was through his auspices and through
24 the fact that neither party had the money, really, to
25 continue to litigate it. When I say that, neither

1 Reading Broadcasting nor Dr. and Mrs. Aurandt.

2 It sort of was a good catalyst to try to
3 stop expending monies on -- when you come right down to
4 it, personal things between Mike and Rick rather than
5 what was important for the corporation, and that was to
6 move ahead and try to make it -- keep it out of
7 bankruptcy, which it had extricated itself from in
8 the -- I guess in the latter part of '91 or sometime in
9 '92; I don't know when the official order came down --
10 and then to keep it out and try and develop it into a
11 more financially viable entity.

12 And then everybody didn't want anybody
13 suing anybody else afterwards so -- you know, all those
14 things. There were six million releases. Everybody
15 released everybody at some point in time, and I'm sure
16 you have at least seen or are aware of that.

17 Q. No, but I'm going to ask you about it when
18 we get to it in a few minutes.

19 A. Okay. But that's really where we got to.

20 Q. I have in front of me -- I don't have
21 copies -- Minutes of a Meeting of the Directors held
22 February 4, 1992. The pages aren't numbered but it's
23 the bottom of the third page. It is resolved that
24 Christine Weyant would be authorized to sign checks. I
25 want to ask you who she is.

1 A. I wasn't at the meeting, but I can tell you
2 who she is.

3 Q. That's all I want.

4 A. Christine is a very nice young lady. She
5 has been with the station for years, is currently the
6 Traffic Manager. Exactly what that is, she gets the
7 programming in and stuff like that, and that's who she
8 is.

9 BY MR. BECHTEL:

10 Q. Exhibit 25.

11 MR. HUTTON: I'm sorry. Did we skip some?

12 THE WITNESS: We went from 22 to -- did we
13 do 23?

14 BY MR. BECHTEL:

15 Q. Exhibit 23.

16 A. 23, not 25. Okay. I'm here.

17 Q. Is this the RBI settlement that you were
18 referring to that occurred in the fall of 1992 where
19 everybody was giving each other releases, or is there
20 more to it?

21 A. This is part of it. As I say, it was an
22 ongoing process, and Irv objected to that one item. If
23 Mike didn't exercise it, apparently Rick could sell it
24 to somebody else; and that scared Irv because he didn't
25 know who Rick might sell it to, Dillinger or whatever.

3

1 Q. Exhibit 24, August 7, 1992 Minutes. You've
2 got one.

3 A. Do you want me to -- that one (indicating)?

4 Q. This is Exhibit 24, August 7, 1994.

5 (Discussion was held off the record.)

6 BY MR. BECHTEL:

7 Q. Now, the documents attached to these
8 Minutes, are they also part of the settlement package?

9 A. Well, the general release, the one --
10 there's a general release for Bob Pritchard; that's
11 attached; that's not part of that. And Christine Hewitt
12 may now be Christine Weyant, what you see as witness
13 there. That may have been her maiden name. I don't
14 know. It looks like her signature.

15 Then -- no. This is Pritchard again. Oh,
16 Massey Settlement Agreement. I don't know if this was
17 the final one, but this is -- and I don't know if it's
18 accurate or not, but this was part of the settlement
19 documents.

20 Q. Page 2 of that document makes reference to,
21 Of even date herewith.

22 A. Where are you referring to?

23 Q. At the bottom, a settlement agreement
24 entered into with Dr. and Mrs. Aurandt.

25 A. What is your question, Gene?

4

1 Q. My question is, I assume the warrant for
2 purchase of new common stock is not that settlement
3 agreement?

4 A. I'm sorry. I didn't understand your -- the
5 Minutes say a copy of the proposed Massey settlement
6 agreement is attached or given. And then you are asking
7 me a question about it, which I'm not sure I understood
8 what you meant.

9 Q. Let me start over again. And you're right.
10 Do you see attached to this document something called a
11 Warrant for Purchase of New Common Stock?

12 A. (Witness reviewed document.)

13 I see Paragraph 4 that says, Issuance of
14 Warrant, Page 4 of the proposed settlement agreement.
15 Then I see a warrant attached to it. I see what's
16 attached. That purports to be a warrant.

17 Q. Are you familiar with that document?

18 A. I'd have to look at the final settlement
19 because this warrant represents stock that belongs to
20 the Aurandts.

21 Q. Let's do that.

22 A. But I'm not sure which of their stock.

23 Q. The final settlement papers resolving this
24 conflict between the Aurandt faction and the Parker
25 faction have not been provided to us.

1 A. Well, there's a third faction, the Massey
2 faction.

3 Q. And the Massey faction.

4 A. And this is really a Massey/Aurandt faction
5 issue, if my recollection is correct, dealing with that
6 garnishment, as to what it applied to. But --

7 MR. HUTTON: Well, your document requests
8 never covered those documents.

9 MR. BECHTEL: Well, it is after our
10 colloquy just a few minutes ago.

11 THE WITNESS: They are a public record, I
12 would presume. They may be a public record at the
13 Bankruptcy Court because I would guess that this
14 would -- I shouldn't guess, but I think that's part of
15 what was filed with the Court.

16 BY MR. BECHTEL:

17 Q. Then we have until Friday to file it.
18 Well, I didn't find it in the bankruptcy record that I
19 have, but I don't have a complete copy of -- complete
20 records.

21 A. Gene, I can't answer you. Since it's on
22 Krusen, Evans & Byrne's, you know, top here they would
23 have had to submit something. Maybe all they just
24 submitted was the final stipulation to Judge Twardowski.
25 I don't know. I wasn't part of that so I can't tell

1 you. I shouldn't say I wasn't part of it. I wasn't
2 part of the actual submitting of it. I was a party to
3 it rather than a counsel.

4 Q. Now, you've seen the draft of a Massey
5 settlement agreement attached to the Minutes that you
6 are looking at.

7 A. Yes.

8 Q. You've seen a stock document that, in your
9 judgment, has something to do with the Massey/Aurandt
10 aspect of settlement.

11 A. Yes.

12 Q. Describe your understanding as to the basic
13 nature of the settlement between Parker and Aurandt and
14 Massey. I'm not talking about the fine print. I'm
15 talking about the fundamental upshot of their settlement
16 of these controversies.

17 MR. HUTTON: I'll object to the form of the
18 question only in that it suggests that there are only
19 three parties involved, and there may have been more
20 parties, and I'm not sure that Parker, in his individual
21 capacity, was a party.

22 THE WITNESS: Let me give you the various
23 concerns. By this time Aurandt was out of the area.
24 Parker and most of the -- if not all -- the shareholders
25 were happy to have Aurandt out of the management of the

1 company. The settlement was to make Aurandt as whole as
2 they could make him by paying fees for Aurandt,
3 recognizing his corporate ownership and his pension
4 ownership, which they had to do -- that's where I was
5 concerned -- but basically trying to assure, for a
6 reasonable period of time, that Aurandt would stay out
7 of the internal affairs of the operation of the company.
8 because, quite frankly, although Rick was my client and
9 my friend, he was sometimes a loose cannon in thinking
10 by the pure fact that he thought something that it was
11 so; projecting income which wasn't accurate, things of
12 this nature. So the desire was to keep him out.

13 Because he had moved to Hilton Head, he
14 didn't seem to care that much anymore as long as he got
15 protection; that if the company were ever to become
16 financially viable and/or sold that his dream, at least
17 financially, would come to pass.

18 The Massey people -- I don't know if
19 anything will ever satisfy them -- but they got some of
20 their money in the form of ownership. Because they felt
21 particularly aggrieved by Rick's promises which never
22 came to pass, that they had been induced to put money
23 in -- I'm not going to say under false pretenses but not
24 under accurate information -- so they got their pound of
25 flesh, in a sense, by getting some of the ownership and

1 getting Rick out because they didn't want Rick involved
2 in any way, shape or form.

3 Parker or Partel and the company bought
4 peace and that's -- you know, that's -- they wanted to
5 be able to move ahead, whatever that may have meant in
6 1992. And I forget what program -- and I think it was
7 Home Shopping at that time -- and to try to do maybe
8 more production. But there was a time when they --
9 again, where the expenses were too great, and they had
10 to cut back in the operation. I don't want to mix the
11 two together. But to move ahead and try to make the
12 company -- depending on how you looked at it -- viable
13 or more viable.

14 I may have been back at this time doing
15 legal work or maybe shortly thereafter, after the
16 settlement for the company. I don't remember. I'd have
17 to go back and look at the Minutes and -- because you
18 can see, going over that period of time, a lot of this
19 was just, to use your words, internecine, warfare over
20 that -- I mean, I don't know if that answers your
21 question, Gene, but that's basically -- people were
22 tired by that time. They wanted to move on, and I think
23 the principal protagonists were Dr. Aurandt and Mike.

24 As some of the Minutes said, Dr. Aurandt
25 wanted to get money so he was looking for a buyer.

1 Parker was looking to make it more viable as an
2 operating station and then somewhere down the road maybe
3 sell it. They were not totally dissimilar, but it was a
4 timing issue.

5 So by doing this Aurandt kept bringing
6 in -- had been bringing in, quote, potential buyers, but
7 none of them seemed to work out, but they look a lot of
8 time and effort, and then there was fighting about that.
9 There was fighting about expenses, as I'm sure you read
10 with Linda and Lynette. There was a -- Mike spent too
11 much money coming in here. Dr. Clymer didn't like that.
12 So this was to stop all -- try to stop all that and move
13 forward. And that's -- I don't know if that answers
14 your question or not.

15 Q. Yes. It was very helpful.

16 A. I don't know if that's good or bad.

17 Q. After the meeting of Shareholders on
18 February 4, 1992, Exhibit 22, the next meeting of
19 Shareholders that we have is February 1 of 1994, which
20 is two years later.

21 My question is, of you or of Reading
22 Broadcasting, was there a Shareholders' meeting in 1993,
23 one or more, and, if so, we would like the Minutes.

24 A. I don't believe there was, but I don't
25 know.

1 Q. Exhibit 24 is Minutes of a Meeting of the
2 Board on August 7, 1992, and the next Board meeting
3 Minutes that we have is February 1, 1994. I have the
4 same question of you or Reading Broadcasting about the
5 holding of meetings of the Board during that interim.

6 A. There should have been other meetings of
7 the Board, but it may not have been when I was -- I just
8 don't know when I was involved and when I wasn't
9 involved.

10 Q. And my request of Reading Broadcasting is,
11 if there were meetings of the Board we would like
12 Minutes that come within the outline in the Order of
13 Judge Sippel.

14 A. If they exist. Even though there may have
15 been meetings, if the Minutes exist.

16 Q. Thank you.

17 A. Really, I saw the gap and I'm troubled by
18 it as well. I don't have it, to my knowledge. I don't
19 know if you have it or not.

20 MR. HUTTON: No.

21 BY MR. BECHTEL:

22 Q. The Shareholders' meeting of February 1,
23 '94 is Exhibit 25. I don't think we have much to ask
24 you about but -- I don't have any questions about that.

25 Exhibit No. 26 is a Board of Directors'

1 meeting, the same date. I don't have any questions
2 about that.

3 Exhibit 27 is a meeting of the Board of
4 Directors on May 19, 1994. Do you know why you were
5 invited to be present at that meeting?

6 A. I think I was probably doing legal work for
7 the corporation by that time, but I don't -- yeah, there
8 I am. It has my corporate name as a law firm so that's
9 probably why I was there. Did I give any reports?

10 Q. I'm done with that. We have been furnished
11 with financial statements starting in 1989, and then we
12 have a financial report for the year ending December 31,
13 1990; December 31, 1991; December 31, 1992; and December
14 31, 1994, but not December 31, 1993, and I can't wait to
15 get that one.

16 A. Let me see '94 because it may have a
17 comparative statement in there.

18 Q. It does, but that I don't want. I want the
19 real report for '93 if there is one.

20 A. I don't know if we have one, but I know I
21 saw a comparative one.

22 (Witness reviewed document.)

23 Somebody should have it. I don't have it.

24 Q. We have received from Reading Broadcasting
25 the loan agreement and the pledge agreement that are

1 referred to in the proxy, coupled with an interest, that
2 Dr. Aurandt gave to --

3 A. Partel or Mike Parker?

4 Q. It was either Partel or Mike Parker. I
5 don't know who. And we asked for that, and we were
6 given forms with a declaration by Mr. Parker, but they
7 were never executed.

8 A. (Witness reviewed document.)

9 May I look at these because I have never
10 seen them?

11 Q. Yes.

12 A. (Witness reviewed document.)

13 Q. Do you have any idea why Dr. Aurandt didn't
14 sign those?

15 A. No, other than -- no, I really don't know
16 why he didn't. Frankly, I don't know why he got them in
17 the first place. I do know or I do believe that there
18 was some financial arrangement between Mike and Dr.
19 Aurandt at that time, but what it was I'm not privy to
20 it, although I had one conversation with Dr. Aurandt
21 about it.

22 And I believe I told both Dr. Aurandt and
23 Mike that I felt that if they were giving a proxy for
24 money it may be violating the bylaws, but they got an
25 opinion that it was not.

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MR. BECHTEL: That's all I have.

MR. HUTTON: I have nothing.

(Whereupon, the deposition concluded at
3:40 o'clock p.m.)

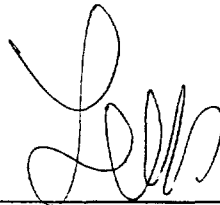
1 I have read my deposition and it is true and
2 correct except for any corrections listed on the
3 attached Errata Sheet, which I have also signed.
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16 JACK A. LINTON, ESQUIRE
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CERTIFICATE

I, Lori A. Dilks, the officer before whom the deposition of JACK A. LINTON, ESQUIRE, was taken, do hereby certify that JACK A. LINTON, ESQUIRE, the witness whose testimony appears in the foregoing deposition, was duly sworn by me on November 8, 1999, and that the transcribed deposition of said witness is a true record of the testimony given by him; that the proceedings are herein recorded fully and accurately to the best of my ability; that I am neither attorney nor counsel for, nor related to any of the parties to the action in which this deposition was taken; and, further, that I am not a relative of any attorney or counsel employed by the parties hereto or financially interested in this action.



Lori A. Dilks, RPR

Notary Public in and for
the Commonwealth of Pennsylvania

BERKS COURT REPORTING SERVICE